

## Note of decisions taken and actions required

---

<b>Title:</b>	Finance Panel
<b>Date and time:</b>	11.30am, 10 May 2013
<b>Venue:</b>	Millbank Room, Local Government House, Smith Square, London, SW1P 3HZ

---

### Attendance

<b>Position</b>	<b>Councillor</b>	<b>Council</b>
Chair	Sharon Taylor OBE	Stevenage BC
Vice-Chair	Melvyn Caplan	City of Westminster
Deputy Chair	Paul Tilsley MBE	Birmingham City
Deputy Chair	Councilman Matthew Richardson	City of London Corporation
Members	David Finch	Essex CC
	Nigel Ashton	North Somerset Council
	Catherine West	Islington LB
	Steve Houghton CBE	Barnsley MBC
	David Westley	West Lancashire BC
Observers	Alan Jarrett	Medway Council
	John Fuller	South Norfolk DC

Officers: Carolyn Downs, Daniel Goodwin, Paul Raynes, Philip Mind, Mike Heiser, Aivaras Statkevicius, Stephen Clark and Frances Marshall

Item	Decisions and actions	Action by
------	-----------------------	-----------

**1 Update on Universal Credit**

Paul Raynes (Head of Programmes) summarised the report, which updated members on the overall progress of the Universal Credit (UC) programme and the local authority face-to-face pilots. In doing so, he provided an update on the outcomes from a meeting on 2 May between the LGA Chairman and Lord Freud (Parliamentary Under Secretary of State for Work and Pensions). He noted that the Department for Work and Pensions (DWP) were willing to engage with the sector on the issue and asked that LGA officers work with DWP officials to scope out what a proposal involving DWP, local authorities and European Social Fund (ESF) funding might look like. Whilst DWP's engaging approach was positive, Paul Raynes noted that at present, there was still a lot of detail to be worked through.

In the discussion that followed a number of issues were raised:

- Members welcomed DWP's positive response to local government being a central part of any solution. However, concerns were expressed regarding conceptual and logistical aspects of the scheme, particularly around the long-term sustainability of DWP funding and the potential complexities around ESF funding, should local councils take responsibility for delivering frontline support to UC claimants. Given this, Members asked that officers establish a firm negotiating position and identify the key components that any proposal would have to include for it to be sufficiently within the sector's interest to consider entering into any agreement. In particular, the Panel emphasised the importance of any arrangement providing adequate financial incentives for local authorities, given that supporting claimants onto the self-service system would reduce councils' roles in the long term.
- Given the current lack of detail regarding a future framework, Members were clear that any arrangement must be built upon a clear and unambiguous understanding between DWP and local authorities. It was noted that given these uncertainties and delays in rolling out the pilot studies, the timescale for the development of the framework and roll out of UC programme was likely to be extended.

Councillor Caplan updated the Panel on the Welfare Reform Deep Dive that had taken place on 7 May, which he had chaired. The event, which had been well attended by a wide range of stakeholders, highlighted a number of key challenges for councils and partners, as well as reaffirming the sector's position that there is a need for enduring local support in which local government has a key role to play.

In the discussion that followed a number of issues were raised:

- The Panel were united in their view that a one size fits all solution would not meet the specific needs of different localities and partnership working would be crucial to the success of any new arrangement. In particular, concerns were expressed regarding the ability of claimants in rural areas to access the self-service system due to limited transport links and access to broadband. Members asked that this issue be looked at by the Rural Commission.
- Serious concerns were raised about the impact of the proposed UC system on the affordable housing. Whilst Members were united in their view that the centrally set Housing Revenue Account (HRA) borrowing cap should be removed, they acknowledged the difficulty of persuading Government of this. It was suggested that in addition to lobbying for the removal of the cap we should also consider trading unused borrowing capacity between councils within the overall cap as a contingency option.
- Members highlighted the need to assess the cumulative impact of UC and the Government's wider package of welfare reforms on claimants, as well as the voluntary and community sector.

## Decisions

The Panel:

- i. **noted** the overall progress of the Universal Credit Programme and local authority Face to Face pilots; and
- ii. **asked** that their comments inform taking forward this work with Department for Work and Pensions.

## Action

Refer the Panel's concerns around specific challenges that rural areas will face in the roll out of Universal Credit to the Rural Commission.

Paul Raynes

## 2 Spending Review Submission

Philip Mind (Senior Advisor) introduced the report which included a copy of the LGA's detailed submission to Government to influence the forthcoming spending round. The submission, which consisted of 12 individual papers, was submitted to the Treasury and relevant Government Departments on 29 April and had received considerable media and ministerial attention. Carolyn Downs (Chief Executive) updated Members on feedback from initial meetings with the Chief Secretary to the Treasury and the Secretary of State for Health.

In the ensuing discussion a number of issues were raised, including:

- The Chair thanked members and LGA officers for their contributions to the submission and welcomed the extensive media coverage the submission had received.
- Members discussed the importance of whole place community budgeting going forward, with particular reference to the potential for transforming public services. In doing so, they noted the need to support a culture change in thinking about integrated service delivery both within the sector as well as externally. There was also a strong feeling that savings accrued through community budget style working should be reinvested locally rather than recouped by central government. With this in mind, Members emphasised the importance on demonstrating clearly to government that councils, like the NHS, deliver vital front line services.
- Members discussed the how best to approach the next stage of the lobbying campaign, and highlighted the importance adopting a nuanced approach. Whilst the importance of lobbying for the sector's key priority asks was highlighted, members also acknowledged the value of focusing on issues which were likely of success, such as proposals were cost neutral to Government.
- In discussing the importance of raising the profile of local government in the build-up to the 2015 general election, the work around the spending review was highlighted as integral to this, with Members highlighting the potential for the sector to make an even more ambitious set piece.

### **Decision**

That the Panel **noted** the submission and **asked** that their comments inform the LGA's lobbying work.

### **Action**

Take forward in line with Members' direction.

Philip Mind

## **3 New Model for Local Government Update**

Daniel Goodwin (Executive Director for Local Government Finance and Policy) introduced the report which provided an update on the LGA's work to develop a new model for local government. In doing so, he noted that going forward the work stream would be renamed as 'securing a future for our communities' to reflect the importance of communities as the driving force at the heart of councils' existence. Whilst further work was underway to ensure the papers encapsulated

the ambition of the sector, Members were invited to comment on the latest version of the sustainable funding and welfare reform policy papers which had been tabled.

Cllr Houghton tabled a think piece paper which he had written with Rt Hon John Healey MP, on a proposition for what a new model for local government could look like and asked members for their views.

In the discussion that followed, Members endorsed the ambition of the new model work and emphasised the importance that it be externally focused on the impact of local government on communities. In going forward, several issues were highlighted as crucial factors in the development of the future model for local government, these included: redefining the relationship between local and central government; constitutionally protected independence; financial sustainability and the challenge of re-distribution within a model where the sector funds itself from local taxes.

### **Decision**

The Panel **noted** new model reports and **asked** that their comments inform future developments of the papers.

### **Action**

Take forward in line with Members' direction.

Daniel Goodwin.

## **4 Council Tax Referendums and Levying Bodies**

Philip Mind introduced the report which informed Members that there had been an announcement in the Queen's Speech on 8 May confirming the Government's intentions to extend council tax referendum provisions to include the charges of levying bodies as part of the Local Audit and Accountability Bill. He highlighted the potential impact this could have on councils and invited members' comments.

Members expressed concerns regarding how the current proposal would work in practice given: the range of different levying bodies; their operation differences; varying degrees of democratic accountability; geographical differences to local authority boundaries; and the potential to impede key infrastructure projects. Members were clear that any legislation would need to have a clear definition of what constitutes a levying body and include sufficient flexibility to any such address anomalies. Members were asked to email any examples to Philip Mind to provide evidence base with which to help inform an LGA position.

### **Decision**

The Panel **noted** the report and **agreed** to receive further reports as the proposals progress through Parliament.

### **Action**

Officers to continue to liaise with Department for Communities and Local Government officials and to report back to the Panel.

Mike Heiser

## **5. Updating the LGA's Funding Model Outlook**

Philip Mind introduced the report which updated Members on the progress in updating funding outlook for councils' model. In doing so, he drew attention to a number of improvements to the model which meant that it reflected the latest available data on income and spend, with better indications of this at the local authority level. He tabled a document which highlighted the variance in 2020 Funding Gap between 2012 model and 2013, broken down by authority type and by region.

Members welcomed the improvements to the model and asked that officers circulate disaggregated figures for Metropolitan and Shire Districts and circulate these to the Panel.

### **Decision**

That the Panel **noted** the report.

### **Action**

Circulate Metropolitan and Shire Districts figures to Panel Members.  
*[Circulated by officers on 10 May].*

Philip Mind

## **6. Finance sessions at the 2013 Annual Conference**

A list of finance themed sessions due to be held at the LGA Annual Conference was tabled and moved without further comment.

### **Decision**

That the Panel **noted** the update.

**7. Update on LGA Budget Reduction – CONFIDENTIAL**

Carolyn Downs provided a verbal update to Members on the reduction in the LGA's funding for 2012/13 and 2014/14 and the two stage review process that would be undertaken to reach a balanced budget.

**Decision**

That the Panel **noted** the update.

**8 Minutes of the last meeting**

The minutes of the previous meeting held on 10 May were approved as a correct record.

**9. Date and time of next meeting**

11.30am on 12 July 2013, Local Government House.